

HR Manager as a Strategic Partner' - Challenges and Prospects in the Indian Scenario

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Abstract

Organizations are increasingly looking at human resources as a unique asset that can provide sustained competitive advantage. HR professionals play a strategic partner role when they are able to convert plans and policies into action. For this, they need to turn strategic statements into a set of organizational actions. This paper aims to assess the impact of strategic partner role on the performance of HR function, to identify the various challenges and prospects for HR managers face to turn strategy into action. It has been found that for HR managers the challenge is to maximize their strategic contribution. They need to explore ways to align people and business. The development of people has not been considered as the core of HR. HR is compliance and process driven. However, there is a unique opportunity for HR to create a shared purpose and a win-win relation between HR and business.

Keywords – HR professional, strategic role, alignment

Introduction

The successful organizations will be those that are able to quickly turn strategy into action; to manage processes intelligently and efficiently; to maximize employee contribution and commitment; and to create the conditions for seamless change. (Dave Ulrich).

Organizations are increasingly looking at human resources as a unique asset that can provide sustained competitive advantage. The changes in the business environment with increasing globalization, changing demographics of the workforce, increased focus on profitability through growth, technological changes, intellectual capital and the never-ending changes that organizations are undergoing have led to increased importance of managing human resources.

The most striking change in the role of human resource and its growing importance in developing and implementing strategy. Human resource has the potential to build organizational capabilities such as ability to innovate, improve customer relationships, and move swiftly to market, which will lead to sustainable value. However, in order to do so HR has to embark on a journey of self-invention.

The highly dynamic work environment poses continuous challenges for HR professionals' right from recruiting the right people to imbibing organizational culture. HR has to thus upgrade its activities with the demanding market requirements. The emergence of innovative recruitment policies has generated job opportunities for various segments of people. Employees not only look for only financial security but also the work-life balance, social security, recognitions and so on. This poses complex challenges for HR professionals in handling all the aspects of an employee.

The job title of those organisational members who have taken responsibility with the management of employees has changed considerably from 'welfare officers' in the early 1900s, to 'personnel managers' in the 1950s to the 1980s,

and then to 'human resource managers' in the late twentieth century. The change in nomenclature reflects a change in the nature of the work: from an employee-centred role to a managerially focused role. Wright goes further suggesting that the change in the focus of the work has now made HR managers the 'agents of capital' (Wright 2008, 1068). Welfare officers and personnel managers had an employee-centred role and focused on servicing the workforce (Beatty and Schneider 1997) and ensuring the well-being of employees. The role also included the creation and administration of systems that served employees including pay systems and training and development programs (Mohrman and Lawler 1997). Beyond providing support services, the personnel manager sought to promote the fair treatment of employees in the workplace (Ulrich et al. 2007). Promoting fair treatment required the personnel manager to walk a fine line between the needs of the employee and the organisation (Renwick 2003). Ellig (1997) goes further suggesting that the focus was on the employee to the exclusion of business needs.

In contrast, modern day human resource (HR) managers undertake a strategic partner role with management. HR managers work with management to analyse and devise solutions for organisational problems. They are involved in strategic planning and aligning HR (both vertically and horizontally) with the organisation's mission and strategic goals with the objective of maximising employee contributions to the overall performance of the organization (De Cieri and Kramar 2003; Rynes 2004; Schuler 1990). In this paper we examine the activities of contemporary HR managers with a view to determining the extent to which they continue to undertake a traditional employee-centered role and its compatibility with their strategic partner responsibilities.

Thus, there has been a paradigm shift in the role of HR professionals that need to be re-defined. HR professionals need to play multiple tasks and must add value to increasingly complex businesses. They need to move from operational to strategic roles, from short-term to long-term, from function-oriented to business-oriented and from internal focus to customer focus.

The HR Business Partner Model is a Four-Roles Model first presented by Conner and Ulrich (1996), and later by Ulrich (1997). In the later study, Ulrich's has given a conceptual framework for the Four-Role Model, which consists of two main dimensions. The first shows ranges from an operational (current day-to-day) focus to a strategic (future) focus, whereas the second depicts conflicting demands of people and processes (Ulrich, 1997: Conner & Ulrich, 1996). Ulrich (1997) states that HR can provide organizational excellence by four methods; becoming a strategic partner, being an administrative expert, acting as employee champion and facilitating as change leader.

These four roles are depicted in Figure 2-1

Ulrich (1997) presented the HR Business Partner Model and stated that HR can help bring organizational excellence by means of four methods. First, HR should become a partner with the top management to help in strategy execution by aligning HR Systems with business strategy. Second, HR should add its expertise to achieve work excellence so that costs are cut and quality is maintained through efficient delivery of HR System. Third, HR should represent the employees concerns to senior management as well as coordinate with employees to ensure their contribution through competence and commitment. Finally, HR professionals should act as change leaders by contributing to process of change and help improve the organization's capacity to do so.

Figure 2-1: Ulrich’s HR Business Partner Model



Source: Ulrich, D. (1997)

In the above figure, the two axis represents the HR professionals focus and activities. Focus ranges from long-term (strategic) to short-term (operational). Activities range from managing processes (HR tools and systems) to managing people. This gives rise to four principle HR roles.

- Management of strategic human resource –STRATEGIC PARTNER
- Management of firm infrastructure – ADMINISTRATIVE EXPERT
- Management of employee contribution - EMPLOYEE CHAMPION
- Management of transformation and change – CHANGE AGENT

The Strategic Partner

Ulrich (1997) describes that the strategic partner role of an HR professional focuses on aligning the HR strategies and practices with the business strategy. Acting as a strategic partner, the HR professional works to ensure the success of organization’s business strategies. Long and Ismail (2008) quote that in the capacity of strategic partner, HR professionals must be capable of identifying and implementing those practices that facilitate strategic business success.

The Administrative Expert

In the capacity of an administrative expert, the management of a firm’s infrastructure requires the HR professionals to devise and bring efficient HR processes for recruitment & selection, training and development, performance evaluation, compensation & benefits, promotions, and overall management of the employees flow throughout the organization. The HR Professionals create infrastructure by continuously examining, evaluating and improving the HR processes and this administrative efficiency adds value to the business (Ulrich, 1997).

The Employee Champion

The management of the contribution made by employees occurs through the performance of the role of “employee champion” (Ulrich, 1997). An HR professional as employee champion strives to understand the needs of the employees, attempts to meet those needs, and provides every opportunity to increase employee commitment. Conner & Ulrich (1996) explains that the role of employee champion covers involvement of HR professionals

in day-to-day problems, concerns and needs of employees. Thus acting as employee champions, they can link employee contributions to the organization's success.

The Change Agent

The change agent role refers to helping the organization build a capacity for change (Conner & Ulrich, 1996). Moreover, in Ulrich's (1997) view, the management of transformation and change falls directly in the change agent role of an HR Professional. Where Change refers to the ability of an organization to improve the design and execution of initiatives as well as to reduce cycle time in organizational activities; and thus the HR Professionals managing this transformation become cultural guardians and catalysts. The actions of these change agents include identifying and framing problems, building trust based relationships, solving problems, as well as creating and fulfilling action plans.

Statement of the Problem

HR professionals play a strategic partner role when they are able to convert plans and policies into action. For this, they need to turn strategic statements into a set of organizational actions.

• TURNING STRATEGY INTO ACTION - CHALLENGES

Strategies are written more than they are executed. The deliverable from the management of strategic human resources is Strategy Execution. HR strategies help accomplish business objectives. The HR executives face problems to align HR practices with business strategies. When the line managers focus on turning strategy into action they must ensure that every business plan has an organizational action plan for implementation

○ This study aims at identifying the various challenges HR managers face to turn strategy into action.

• HR IS BUSINESS – PROSPECTS

In today's flattened, downsized and responsive organizations, highly trained and committed employees are the firm's best competitive key. Most successful organizations report that **people are the key** to their success and **HR is Business**. To gain advantage from human capital, there is a growing importance to think HRM from strategic point of view and to relate HR strategy with the overall corporate and business strategies. HR professionals will play a pivotal role in steering HR capabilities towards attainment of organizational objectives. This would help the organization in gaining a sustained competitive advantage. Thus, HR managers need to develop strategic skills to contribute to business process.

○ The study aims to identify the prospects of HR professional acting as a strategic partner to create a capability focus for the firm.

Objectives of the Study

- To assess the impact of strategic partner role on the performance of HR function.
- To identify the various challenges HR managers face to turn strategy into action.
- To identify the prospects of HR professional acting as a strategic partner

Methodology and Findings

This paper achieves its goals through the analysis of the internal reports of the organizations, as well as the responses of those managers who were involved in the qualitative and quantitative research. The paper also compares the data obtained from HR practices, as well as the principles contained in the applied theory model. This study encompasses organizational philosophy, policies, values, culture and climate and HR

strategies, policies and practices. It will add value to organizations, HR professionals and organizational heads to understand implications of HR managers' role as a strategic partner covering the challenges and prospects. Interview method was used for the purpose of primary data collection. The interviewees were identified through snowball technique. Six female and ten male HR Managers were interviewed from a variety of industries namely manufacturing, health, IT, communication and Banking. Review of literature suggested that there was no specific understanding of the role of HR professional as a strategic partner as HR had to play multiple roles. The following were the key challenges that were identified for a HR professional to play the role of a strategic partner.

Key Challenges for HR Professionals

- 1. Uniform HR policies**– This is by and large the most important problem faced by HR and all HR managers. All employees are treated as one composite group. Customization of policies as essential for each employee in the same way as it is done for customers.
- 2 Inflexible career paths**- Traditional career paths (specialists, people managers, project managers etc) force people to keep trying to climb the corporate ladder since it is the only way to meet their financial and esteem needs. Good performers are forced to leave an organization, upon being promoted to a job for which they were not ready.
- 3. Lack of people skills in line managers** - This, perhaps, is the single biggest people challenge in all organizations. Line managers need people skills, which have to be imbibed in them through management development programmes. Otherwise, this might lead to high attritions in an organization. Employees are promoted as line managers irrespective of the fact that they have people management skills.
- 4. HR not focused on developing people** - Many organizations, including HR functions are responsible for this. HR is focused on HR processes, a large part of which is compliance driven. Development of people has not been considered as the core of HR which is the key to help an organization in gaining a sustained competitive advantage.
- 5. High level of attrition in the HR function** - In my organization, we try to maintain a database of HR professionals. Until last year, the primary unit was the organization. However, keeping this database updated was a herculean task, since many organizations kept losing their HR professionals regularly. This year, we are changing the primary unit to the individual. We will track the individual and keep the organization as the secondary field, which will need to be changed at regular intervals. I have rarely come across an HR head that has words of praise for his predecessor." You should have seen the state of affairs when I joined...", is a common refrain. Three years later, the next person who takes the role says the same thing! There are few organizations which have been able to retain their HR heads, and have enabled them to be successful, over a long period of time. The Aditya Birla Group is one such example.
- 6. HR does not align to business** – It is very important for the HR in understanding and exploring ways to help them align people and business. This requires an understanding of business. HR is sometimes, unfairly, accused of being "Event Managers". This notion is reinforced if they do not train business managers on aligning people and business.

HR is Business- Prospects

- 1. Understand business** –HR needs to understand business and changing business needs. This, in turn, will help HR anticipate talent needs better, and position the organization more effectively in the talent market.

2. Align stakeholders around a shared purpose – There is a unique opportunity for HR to oversee the meaning that the organization creates for different stakeholders by driving a shared purpose.

3. Facilitate change in mindsets – HR can play an important role in facilitating a win-win relationship with associates and employees by aligning the business goals of the organization with the life goals of the employee.

4. Obsessed about development and renewal of people - This should be true not just about senior management talent, but should extend to developing talent at the bottom of the pyramid, and developing a strong and robust talent and leadership pipeline.

5. Establish HR as a distinct profession by building appropriate competencies - While the best workplaces recognize the role of the HR function, HR is still not perceived to be a distinct profession by many. But the marriage of technology, work and careers is set to make the HR function not just a business partner, but a business differentiator. For HR function to be taken seriously, HR has to impact business results and show linkages of HR initiatives with business results. However, increasingly, core skills in HR include understanding global HR (e.g. compensation trends globally, creating global talent pipelines etc.), as well as, deploying appropriate consulting skills within the organization.

6. Attract and build a diverse workforce, including those who do not come to office - HR has to not only promote diversity at the workplace, but also be adept in using virtual collaboration tools. This calls for new ways to build values and culture in a virtual environment, using multiple channels of communication.

Conclusion

HR professionals occupy a unique position to become invaluable partners and catalysts in executing corporate strategy. The strategic partner role requires HR leaders to align HR practices with strategic business goals. The deliverable for this role is an executed strategy that creates value as seen by major stakeholders, investors, line managers, and workers. For HR managers the challenge is to maximize their strategic contribution. They need to explore ways to align people and business. The development of people has not been considered as the core of HR. HR is compliance and process driven. However, there is a unique opportunity for HR to create a shared purpose and a win-win relation between HR and business.

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